



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

May 4, 1999




Department of the Interior Acquisition Policy Release (DIAPR) 1999 -06

Subject: **Small Disadvantaged Business Certification**

1. **Purpose.** This policy release provides bureau and office contracting personnel with guidance concerning a White House initiative.
2. **Effective Date.** The instructions contained in this release are applicable to solicitations issued on or after May 17, 1999.
3. **Expiration Date.** This policy release remains effective unless superseded or canceled.
4. **Background and Explanation.** In response to the Department of Justice's review of Federal procurement affirmative action programs, the Federal Acquisition Regulation was changed to implement new programs for small disadvantaged businesses (SDB). A key component of these new programs is that SDB prime contractors and subcontractors must be certified by the Small Business Administration in order to receive the benefits thereof.

Although these new programs have been in effect for several months, the White House has learned that only a few SDB subcontractors have applied for certification by the SBA. And while "self-certification" of business status has been extended until July 1, 1999, there is a need for a major outreach effort to inform SDBs of the importance of obtaining SBA certification.

5. **Action Required.** In order to inform prospective contractors about SDB certification requirements, contracting personnel shall include a notice explaining the new requirements in each solicitation expected to exceed the simplified acquisition threshold. The notice should be substantially the same as the sample included in the attached memorandum from The White House.


Debra E. Sonderman, Director
Office of Acquisition and Property
Management

Attachment

**THE WHITE HOUSE
WASHINGTON**

January 27, 1999

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: John Podesta, Chief of Staff to the President 

SUBJECT: Small Disadvantaged Business Certification

The Administration has made recent reforms to Federal procurement programs that assist small disadvantaged businesses (SDBs) in order to remedy the effects of past and ongoing discrimination. These reforms are consistent with the President's goal of providing economic opportunities for all Americans by "mending, not ending" affirmative action in Federal procurement programs.

An important component of the new reforms is that SDB prime contractors and subcontractors must be certified by the Small Business Administration (SBA) in order to receive benefits of these programs. It has been brought to my attention that only a few SDB subcontractors have applied for certification by the SBA. Therefore, we are launching a major outreach effort to inform SDB prime contractors and subcontractors about the importance of obtaining SBA certification for subcontractors. As part of this outreach effort, we have developed the attached sample notice, which includes information on these new certification requirements. We recommend that you distribute this notice, or one containing the same information, to your agency's prime contractors as soon as possible.

We appreciate your help in implementing this new SDB certification requirement.

Attachment

cc: Agency Senior Procurement Executives

Sample Notice

Dear Prime Contractor:

This notice contains information on new regulatory changes regarding the small disadvantaged business (SDB) program. One set of new regulations, part of the Federal Acquisition Regulation (FAR), authorizes the use of price and evaluation credits in industries where SDB prime contractors and subcontractors have been underutilized. A key component of the new regulations (see FAR 19.304) and those of the Small Business Administration (SBA)) is that SDB prime and subcontractors must be certified by the SBA.

- Effective October 1, 1999, certified SDB prime contractors were eligible for a price credit when bidding on Federal prime contracts.
- Effective January 1, 1999, prime contractors who subcontract with SBA-certified or self-certified SDBs are eligible for evaluation credits. Please note that prime contractors may continue to rely on self-certification of their SDB subcontractors through June 30, 1999. For solicitations issued on or after July 1, 1999, prime contractors must use SBA-certified SDB subcontractors in order to be eligible for evaluation credits.

We ask that you inform your SDB subcontractors that they should contact SBA's Office of Certification and Eligibility at 800-558-0884 to obtain an application, or to log on to SBA's Website (www.sba.gov/sdb). If you are an SDB prime contractor who is not SBA-certified, we also ask that you apply for certification.

SBA maintains the list of eligible SDB prime and subcontractors in its PRONet database.